



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2025 (1943)

December 20, 1989

SUBJECT: Targeting of Farm Ownership (FO) Insured Loan
Funds and Inventory Farm Property for Socially
Disadvantaged Applicants (SDAs)

TO: State Directors and District Directors, FmHA

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify the process of targeting insured FO loan funds and inventory farms for leasing and credit sale to socially disadvantaged applicants (SDAs). The intended outcome is to ensure uniformity among the States in the process of designating counties and targeting assistance for SDAs on a fiscal year basis.

COMPARISON WITH PREVIOUS AN:

This AN replaces FmHA AN No. 1873 (1943) which expired on October 31, 1989.

IMPLEMENTATION RESPONSIBILITIES:

The process for targeting insured FO loan funds and inventory farm property is prescribed in FmHA Instruction 1943-A, Exhibit B. This regulation does not set forth the method for determining which county(ies) will be designated to use insured FO loans and inventory farm property for SDAs.

EXPIRATION DATE: November 30, 1990

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1943-A



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Secretary of Agriculture, Washington, D.C. 20250

There is no change in the county target participation rates for each State. The State Director will designate the agricultural counties which will participate in the SDA program in October of each year. These designations will be based on the county target participation rates, and one or more counties in each State will be designated for both use of insured FO loan funds and sale of inventory property. A State map showing the designated counties will be submitted to the National Office, Emergency Designation Staff, by November 30 of each year.

If practicable, the FO funds targeted for the State should be allocated to the designated agricultural counties, with the county having the highest target participation rate receiving the highest allocation and so on in descending order. If it is not practicable to allocate the FO funds in such a manner, then the State Director may allocate the funds to the designated counties as a group and provide that the funds will be used on a first come, first serve basis in those designated counties only.

In October of each year, the State Director will target some of the best FmHA inventory farms to be part of the SDA program for the ensuing fiscal year. The targeted farms must be free and clear of all borrowers' preservation rights. The number of inventory farms so chosen will reflect the target participation rate for the respective State, and the farms should be in or near the counties designated to participate in the SDA program. The targeted farms can either be leased or sold to SDAs. Once these farms are chosen and if they are to be sold, they will be advertised for sale (and the advertisement will reflect the availability to SDAs only) in both the county in which the particular farm is located and the designated counties. A list of the targeted farms will be submitted to the National Office, Emergency Designation Staff, by November 30 of each year.

State Directors need to make sure that everything possible has been done to assure that SDA targeted assistance is obligated in their States prior to the end of this fiscal year. Any unobligated FO funds for SDAs will be pooled by the National Office in July 1990, and reallocated to other States. The Administrator may pool otherwise if determined necessary.

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The targeted insured FO funds will be used only to purchase farm land for SDAs. However, non-targeted insured FO funds may be used, if available, for farm improvements and other authorized purposes to supplement the targeted loan funds. Also, subordinations and/or participation credit are authorized for SDAs. Furthermore, guaranteed FO loans may be made to eligible SDAs for any authorized purposes set forth in the regulations.

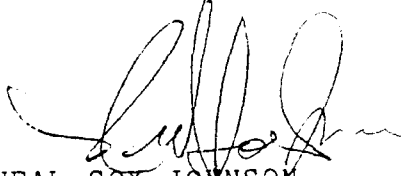
In States with Indian Reservations, the farms taken in inventory by FmHA which were not owned by members of the Tribe and are on the Reservation will be targeted for purchase by SDAs once leaseback/buyback rights have expired.

We are revising the States' target participation rates to include Puerto Rico and the Virgin Islands. The target participation rates for those areas are as follows:

- o Puerto Rico - 80 percent
- o Virgin Islands - 80 percent

State Directors may exceed their State target participation rate, where necessary, to meet the requests of SDAs.

If you have any questions on the above, please contact Wilbert Campbell at FTS 382-1650.



NEAL SOX JOHNSON
Acting Administrator

Sent by Time Delay Option to States at 11:00 AM on 12/26/89 ;
to Districts at 1:00 PM on 12/26/89 by ASD.